



## **Notice of PHP Contract Amendments: Advanced Medical Home Program**

November 8, 2019

### **Overview**

The Department of Health and Human Services (DHHS) is in the process of implementing a high-performing managed care program in which the Advanced Medical Home (AMH) program plays a key role. AMHs will be the foundational primary care component of North Carolina's Medicaid system following the transition to Medicaid Managed Care and are at the heart of our policy goal of providing local care management to high-need Medicaid beneficiaries.

During the last few months, we have listened to feedback from the AMH Technical Advisory Group (TAG), as well as many others in the market regarding the AMH payment model, practice readiness and PHP oversight methodologies.

**In light of this feedback, we are issuing an amendment to the North Carolina Medicaid Managed Care Prepaid Health Plan (PHP) contract.** This communication provides advance notice of key provisions contained in this contract amendment. DHHS is also considering additional amendments that will take effect beginning in Medicaid Managed Care Year 2. Additional information on these changes will be provided in the coming weeks.

The provisions included in this amendment will:

1. Add new guardrails around "downgrade" actions by PHPs to provide AMH Tier 3s with a time-limited glide path;
2. Prohibit PHPs from conditioning AMH Tier 3 contracts on audits or other monitoring activities that go beyond what is necessary for practices to meet the AMH Tier 3 standards; and
3. Clarify the DHHS's expectations for PHPs' oversight of Clinically Integrated Networks (CINs)/Other partners.

### **Key Changes to the PHP Contract**

- 1. Add new guardrails around "downgrade" actions by PHPs to provide AMHs with a time-limited glide path.** PHPs are permitted to downgrade AMH Tier 3 practices if they determine that those practices are out of compliance with the AMH program requirements.<sup>1</sup> However, to provide modest standardized protections for practices against immediate downgrades, and to provide assurance that PHPs are giving practices reasonable time to remedy issues, we are adding two additional guardrails to the PHP contract:
  - PHPs may not downgrade practices certified as AMH Tier 3 for any reason until 90 days after Medicaid Managed Care go-live.
  - PHPs must allow AMHs and CINs/other partners at least 30 days for remediation of non-compliance with AMH Tier 3 standards before pursuing a downgrade.

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<sup>1</sup> [PHP Contract](#), Section V.C.6.b.iv.d.3



The combination of these guardrails means that a PHP would be permitted to downgrade an AMH Tier 3 practice as early as 90 days following Medicaid Managed Care go-live but must provide at least 30 days for remediation of non-compliance prior to completing that downgrade. **These new provisions are intended to support the goal of local care management by providing stability for both PHPs and providers.** Practices will have the flexibility to work with PHPs on readiness and ramp-up during this period, and we recognize that PHPs are themselves in a ramp-up period at this time. Accordingly, we will delay enforcement of the AMH Tier 3 contracting requirement until five months after Medicaid Managed Care go-live.

As noted in the [“Protocol for Changing Advanced Medical Home Tier Status”](#) guidance, practices that attested into AMH Tier 3 but do not have and are not actively seeking to obtain AMH Tier 3 capabilities are encouraged to change their tier status to AMH Tier 2 with the DHHS directly. Practices that have or anticipate having AMH Tier 3 capabilities in place by 90 days following Medicaid Managed Care go-live should remain AMH Tier 3s and work with PHPs to achieve full readiness. **PHPs should not encourage these practices to downgrade themselves to AMH Tier 2 in advance of Medicaid Managed Care go-live.** Please note that any practices downgraded by a PHP will still count in the denominator of AMH Tier 3 practices against which the PHP will be measured and which will be tied to liquidated damages after 5 months (see below). Only if a practice directly changes its tier status with DHHS will the practice no longer count in the denominator for the purposes of the Tier 3 contracting requirement.

2. **Prohibit PHPs from conditioning Tier 3 contracts on audits or other monitoring activities that go beyond what is necessary for practices to meet the AMH Tier 3 standards.** AMHs should not be held to requirements that go over and above the AMH Tier 3 program requirements, including requirements imposed as part of National Committee for Quality Assurance (NCQA) pre-delegation auditing. While **PHPs must monitor AMHs and CINs/other partners against AMH Tier 3 requirements**, we are adding provisions to the PHP Contract that prohibit PHPs from conditioning AMH Tier 3 contracts on audits/other monitoring activities that go beyond what is necessary for a practice to meet the Tier 3 requirements until January 2021. The requirement that PHPs achieve plan-level NCQA accreditation by Year 3 of Medicaid Managed Care will remain unchanged. This provision will not preclude PHPs and AMHs from working together by mutual agreement to prepare for NCQA pre-delegation auditing or otherwise build care management capacity.
3. **Clarify the Department’s expectations for PHPs’ oversight of CINs/other partners.** Many AMH practices are working with CINs/other partners to fulfill the AMH program requirements, and in many such instances, the CIN/other partner contracts directly with the PHP. We are adding several provisions to the PHP Contract aimed at clarifying the responsibilities of PHPs in overseeing CINs/other partners, providing transparency to practices working with CINs/other partners, and ensuring fidelity to the AMH model. These provisions are summarized below:
  - Within 90 days of contracting, each PHP must share with each AMH Tier 3 practice a description of the oversight process it will use to monitor practices’ performance against specific AMH requirements, including the processes it will use to monitor the CIN/other partner with which the practice is affiliated.



- In the event of a compliance action against a CIN/other partner, the PHP must provide notice to each AMH Tier 3 practice affiliated with that CIN/other partner within 60 days. The PHP must not automatically change the tier status of an AMH Tier 3 practice as a result of any corrective action plan or other compliance action imposed at the CIN/other partner level. In the event that a PHP terminates its contract with a CIN/other partner, the PHP must provide individual AMH Tier 3 practices affiliated with the CIN/other partner notice of their options, including contracting directly with the PHP, contracting with another CIN/other partner, or reverting to AMH Tier 2.

### **Conclusion**

We will continue to monitor the roll-out of the AMH program on an ongoing basis to ensure robust provision of local care management. **We plan to provide information on an additional contract amendment in the coming weeks that will include changes effective beginning in Medicaid Managed Care Year 2. We also reserve the right to institute minimum Care Management Fees and/or reduce funding to PHPs for local care management if we determine that AMH Tier 3 practices are not receiving adequate financial support for the delivery of required AMH functions.**

Additionally, we will continue to monitor PHPs and AMHs to ensure that the majority of Medicaid beneficiaries have access to local care management, regardless of assignment to an AMH practice. PHPs must ensure that they have adequate staffing and infrastructure to serve beneficiaries not served by AMH Tier 3s or Local Health Departments.